

ARROWHEAD REGIONAL MEDICAL CENTER

BUDGET UNIT: TOBACCO TAX (RGA THROUGH RGR)

I. GENERAL PROGRAM STATEMENT

The Arrowhead Regional Medical Center established these funds in 1989-1990 to facilitate the transfer of Tobacco Tax funds to the County hospital, Non-County hospitals and Physicians, as required by the State Department of Health Services. The funds will then be disbursed per guidelines established by the state. There is no staffing associated with this budget unit.

These funds are allocated by the state to county hospitals, non-county hospitals, and physicians to partially reimburse them for uncompensated medical services. ARMC is projected to net approximately \$2.78 million from this revenue source in 2003-04, and will transfer the balance to area hospitals in accordance with the prescribed distribution formula.

II. BUDGET & WORKLOAD HISTORY

| | Actual 2001-02 | Budget 2002-03 | Actual 2002-03 | Budget 2003-04 |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total Requirements | 2,194,832 | 5,598,797 | 3,673,891 | 4,390,510 |
| Total Financing Sources | 1,711,201 | 4,791,542 | 3,606,658 | 3,648,209 |
| Fund Balance | | 807,255 | | 742,301 |

The distribution schedule for these funds is three months behind. The Medical Center received nine months of this year's allocation plus three months of the previous year allocation. The actual revenue for 2002-03 is down since the Medical Center budgeted for fifteen months worth of revenue but only received revenue for a twelve-month period.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET

PROGRAM CHANGES

The state continues to reduce the amount distributed to counties for Tobacco Tax and has eliminated entirely the amount paid to physicians. These funds may be reduced even more in the future with the ongoing state budget crisis.

The department's request for 2003-04 assumes a decrease in revenues, consistent with recent trends for receipt of revenue from taxes imposed on tobacco products.

| GROUP: Human Services System | | | FUNCTION: Health & Sanitation | | |
|---|----------------------------|------------------------------------|---|--|---------------------------------|
| DEPARTMENT: Arrowhead Regional Medical Ctr - Tobacco Tax | | | ACTIVITY: Hospital Care | | |
| FUND: Special Revenue RGA through RGR | | | | | |
| | 2002-03 Actuals | 2002-03 Approved Budget | 2003-04 Board Approved Base Budget | 2003-04 Board Approved Changes to Base Budget | 2003-04 Final Budget |
| <u>Appropriation</u> | | | | | |
| Services and Supplies | 3,673,891 | 5,576,367 | 5,576,367 | (1,185,857) | 4,390,510 |
| Total Appropriation | 3,673,891 | 5,576,367 | 5,576,367 | (1,185,857) | 4,390,510 |
| Operating Transfers Out | - | 22,430 | 22,430 | (22,430) | - |
| Total Requirements | 3,673,891 | 5,598,797 | 5,598,797 | (1,208,287) | 4,390,510 |
| <u>Revenue</u> | | | | | |
| Use of Money & Prop | 50,456 | 102,122 | 102,122 | 42,878 | 145,000 |
| State, Fed or Gov't Aid | 3,556,202 | 4,666,990 | 4,666,990 | (1,163,781) | 3,503,209 |
| Total Revenue | 3,606,658 | 4,769,112 | 4,769,112 | (1,120,903) | 3,648,209 |
| Operating Transfers In | - | 22,430 | 22,430 | (22,430) | - |
| Total Financing Sources | 3,606,658 | 4,791,542 | 4,791,542 | (1,143,333) | 3,648,209 |
| Fund Balance | | 807,255 | 807,255 | (64,954) | 742,301 |

ARROWHEAD REGIONAL MEDICAL CENTER

Board Approved Changes to Base Budget

| | | |
|-------------------------|--------------------|---|
| Services & Supplies | <u>(1,185,857)</u> | Twelve months budgeted, only nine months from current year, three months from prior year. |
| Operating Transfers Out | <u>(22,430)</u> | Eliminate transfer among funds used to correct fund balances. |
| Total Requirements | <u>(1,208,287)</u> | |
| Revenue | | |
| Use of Money & Prop. | <u>42,878</u> | Increase in interest. |
| State, Fed or Gov't Aid | <u>(1,163,781)</u> | Twelve months budgeted, only nine months from current year, three months from prior year. |
| Other Financing | <u>(22,430)</u> | Eliminate transfer among funds used to correct fund balances. |
| Total Revenue | <u>(1,143,333)</u> | |
| Fund Balance | <u>(64,954)</u> | |